



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF THE RATEPAYER ADVOCATE
31 CLINTON STREET, 11TH FLOOR
P.O. Box 46005
NEWARK NJ 07101

CHRISTINE TODD WHITMAN
Governor

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JUN 28 1996

FOOTBALL ROOM

BRIAN W. CLYMER
State Treasurer
BLOSSOM A. PERETZ
Director

June 27, 1996

VIA EXPRESS MAIL

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

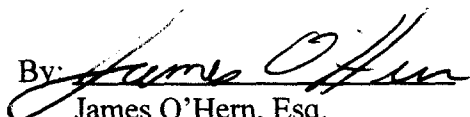
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Re: In the Matter of Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996
(CC Docket No. 96-128)

TO THE HONORABLE COMMISSION:

Enclosed please find an original and eleven copies of Comments to be filed with the Commission in the above-referenced matter. Please time/date stamp the copy marked "File" and return it to this office in the enclosed, self-addressed stamped envelope.

Respectfully submitted,
Blossom Peretz, Ratepayer Advocate

By: 
James O'Hern, Esq.
Assistant Deputy Public Advocate

JO/dp
Encl.

cc: International Transcription Services, Inc.
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Implementation of the)	
Pay Telephone Reclassification)	CC Docket No. 96-128
and Compensation Provisions of the)	
Telecommunications Act of 1996)	

COMMENTS OF THE NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

On behalf of ratepayers in the State of New Jersey, the New Jersey Division of the Ratepayer Advocate ("Ratepayer Advocate") submits these comments in response to the Notice of Proposed Rulemaking, In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996. NPRM CC Docket No. 96-128. The Ratepayer Advocate is statutorily empowered to represent and protect the interests of New Jersey's utility consumers -- residential, small business, commercial and industrial -- to ensure that they receive safe, adequate and proper utility service at affordable rates that are just, reasonable and nondiscriminatory. The Ratepayer Advocates submits comments on only two issues: local coin rates and "public interest payphones."

A. Local Coin Rates

Section 276(B)(1)(a) of the Telecommunications Act of 1996 requires that Payphone Service Providers (“PSPs”) be compensated for each and every completed intrastate and interstate call including local coin calls. The Federal Communications Commission (“FCC”) seeks comment on how to fairly compensate PSPs for local coin calls. NPRM at ¶ 20. The Commission has proposed three options: (1) set a nationwide local coin rate for all calls originated by payphones; (2) prescribe specific national guidelines that states would use to establish a local rate that would ensure that all PSPs are fairly compensated and; (3) allow the States, in the first instance, to set the local coin rates according to factors within their discretion. NPRM at ¶¶ 20-22. The Ratepayer Advocates believes that the second option would be in the best interests of consumers, while still giving the States the primary authority to regulate local coin rates.

The Commission should prescribe national guidelines for the States to follow. The Commission should set a local coin rate above which the States cannot exceed. States, however, should be permitted to set rates below that rate based upon circumstances unique to that particular State. For example, if there is vigorous competition within the payphone industry in a particular jurisdiction or local, competitive forces should govern the price. But in the absence of a competitive marketplace, a national guideline will ensure that PSPs are fairly compensated and consumers are protected.

In New Jersey, the payphone market is a competitive one. Thus, the State should be allowed to continue to regulate local coin rates according to the needs of the industry and consumers. The Commission acknowledges that States have traditionally regulated local coin

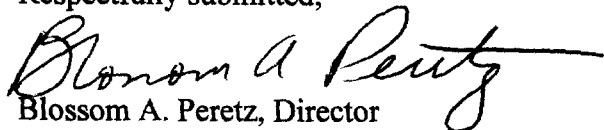
rates. NPRM at ¶ 20. Also, Chairman Reed E. Hundt, in separate statement, emphasized his concern that there must be strong reasons for the Federal Government to intervene into a traditional State area. Chairman Hundt is correct in his view that the Telecommunications Act of 1996 intends for competition to succeed through cooperative federalism. The Ratepayer Advocate maintains that goal can be achieved by leaving to the States those areas that have traditionally and historically been State concerns. Therefore, the Ratepayer Advocate believes that prescribing national guidelines that give States the flexibility to continue to set rates based upon local concerns is the appropriate course of action here. Such a decision will maintain the proper balance between the States and the Federal Government.

B. Public Interest Pay Telephones

Section 276(b)(2) of the Act directs the Commission to “determine whether public interest payphones, which are provided in the interest of public health, safety, and welfare, in locations where there would otherwise not be a payphone, should be maintained....” The Commission seeks comment on whether public interest payphones should be provided and if how they should be regulated. NPRM at ¶¶ 77-78. The Ratepayer Advocates asserts that public interest payphones must be maintained in the interests of public, health, safety, and welfare. Public interest payphones provide services to individuals in poor and isolated communities who might otherwise not have any access to the exchange network. These phones are necessary so that such individuals can have access to emergency services such as 911. Public interest payphones are an integral part of the concept of universal service. Therefore, the Commission should order that they be maintained.

As to how public interest payphones should be regulated, the Commission has outlined three options: (1) prescribe federal regulations for the maintenance of these payphones; (2) establish national guidelines for public interest payphones and; (3) defer to the States to determine which payphones should be treated as public interest payphones. Consistent with our position on local coin rates, the Ratepayer Advocates contends that the Commission should establish national guidelines, but allow the States to determine how to best implement the number and location of public interest payphones. The population, geography, and infrastructure of each state are distinct and unique. Thus, the States should be the ones that decide where public interest payphones would best serve the people of that particular State and the number of phones that would meet that need. New Jersey is a State that has large urban areas as well as remote rural areas. Because of such diversity, we should continue to designate areas that are in need of public interest payphones and continue to regulate the deployment of the payphones.

Respectfully submitted,

A handwritten signature in black ink, reading "Blossom A. Peretz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Blossom A. Peretz, Director
New Jersey Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
Newark, NJ 07101
(201) 648-2690

Dated: June 27, 1996